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# UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

## FIRST COUNTRY COOPERATION FRAMEWORK FOR NAMIBIA (1997-2000)

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## INTRODUCTION

1. The first country cooperation framework (CCF) for Namibia, which covers the period 1997-2000, is the result of a consultative process involving the Government of Namibia, the UNDP country office, and the donor community, including United Nations agencies and non-governmental organizations (NGOs) represented in the country. The CCF is based on the Government's First National Development Plan, which was prepared through a two-year consultation process, involving line ministries, NGOs, community-based organizations, the private sector and the donor community, and on UNDP areas of competence and focus, within the context of the draft country strategy note. The Namibia Human Development Report 1996 and the UNDP advisory note also contributed to the preparation of the CCF, which was reviewed and cleared by the Local Programme Advisory Committee (LPAC), comprising key ministries, donors and United Nations agencies represented in Namibia.

## I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Namibia is a semi-arid country of 825,000 square kilometres and 1.6 million inhabitants. Large parts of the country are uninhabitable, with a fragile environment, particularly vulnerable to desertification. A high population growth rate of 3.2 per cent is causing rapid urbanization and eroding the gains of economic growth.

3. Adverse climatic and soil conditions over most of the country limit the potential for agriculture using traditional technology. Land tenure arrangements divide the country into commercial areas and communal areas, the latter on which 70 per cent of the population depend. Since the only perennial rivers are found on the country's northern and southern borders, the availability of water for human, animal and industrial consumption and the constant threat of drought remain major concerns. The principal mainstays of Namibia's economy are mining, agriculture, fisheries, and tourism. Namibia is well endowed with a variety of important minerals, for example, uranium, diamonds, gold, silver, tin, lead, zinc and copper. A large gas field has recently been discovered in southern waters. The country also has one of the richest fishing grounds in Africa, income from which accounts for 4.2 per cent of GDP.

4. Former apartheid policies centred on directing resources to the white minority through the exploitation of natural resources, while denying the majority access to basic services and the means of production, especially land and education, have made Namibia one of the most unequal societies in the world, with the richest 5 per cent of the population enjoying 52 per cent of the national income. The apartheid regime deprived the majority of the population of access to adequate education, resulting in a severe shortage of skills and education at all levels and in all fields.

5. While significant economic growth has been achieved since independence, periodic droughts, poor environmental conditions and low world commodity prices presented major setbacks to the key sectors of agriculture, fisheries and mining, which have displayed erratic economic performance. The mining sector has experienced rapid decline over the past decade, while rapid gains have been made in the tourism and fisheries sectors. However, since the latter sectors are starting from a small base, such growth will not be sufficient to absorb the rising number of Namibians joining the labour market annually. In the medium term, unemployment and under-employment remain major challenges for the country, with about 16,500 joining the labour force annually to compete for less than 4,000 new jobs.

6. The Government accords the highest priority to social development, devoting 10 per cent of gross domestic product (GDP) (26 per cent of the budget) to education and 6 per cent of GDP (15 per cent of the budget) to health care, proportions exceeded by few countries in the world. With social indicators comparable to a low-income developing country despite its middle income status in terms of per capita gross national product ($1,996 in 1995), this is an appropriate policy and has resulted in significant welfare gains since independence.

7. The objectives of Government and its commitments at United Nations-organized international conferences and in terms of the United Nations System-wide Special Initiative for Africa are consistent. The First National Development Plan (1995/1996-1999/2000) presents a comprehensive development strategy, focusing on four national development goals: reviving and sustaining economic growth; creating employment opportunities; reducing inequalities in income distribution; and reducing poverty.

8. The main challenge is to achieve rising standards of living for the majority of the population, through job creation, women's empowerment, poverty reduction and pro-environment programmes, within the context of political stability. To achieve sustainable human development (SHD), four critical areas require special attention: capacity-strengthening; poverty and low levels of human development; improvement of productive potential; and overcoming environmental constraints to development.

9. In terms of capacity strengthening, achieving Namibia's development goals will depend on the efficiency and effectiveness of public administration in four key areas: (a) education and training of technical and management cadres; (b) policy and programme formulation, implementation, monitoring and evaluation; (c) effective and efficient management of available human, financial and natural resources; and (d) strengthening capacity at the regional and local levels, to encourage effective participation in policy formulation and implementation. The country faces a critical shortage of skilled, educated and experienced Namibians to meet the demands of the Government, the parastatal organizations and the private sector. The challenge for the Government is to inform the civil service and improve education and skills levels in general.

10. In terms of poverty and low levels of human development, Namibia's relatively high per capita income ($1,996 in 1995) conceals great variations among various population groups. Per capita incomes vary from $100 for the

poorest 25 per cent of households to $25,370 for the richest 1 per cent of households. Thirty-nine per cent of Namibian households, predominantly those in rural areas, are classified as poor. A low rate of agricultural productivity and the lack of alternative livelihoods leave subsistence farmers particularly vulnerable to food insecurity and poverty. Participatory rural development is one of the most effective and sustainable ways of reducing poverty. Poverty in urban areas will be addressed through job creation, skills enhancement, the promotion of labour-intensive production methods, and the promotion of small- and medium-scale enterprises.

11. The industrial sector accounts for only 4 per cent of GDP and is based on the processing of primary products, especially food processing. Although the Government has focused on providing an enabling environment for private sector investment, including an investment act, tax incentives, investments guarantees, the implementation of an Export Processing Zone system, as well as a continued commitment to peace, democracy and the rule of law, the international business community has been slow to respond in terms of substantial investments. To improve the potential for increased productivity in industry, the Government's policies will be supported through the promotion of medium- and small-scale enterprises, both in the formal and informal sectors.

12. The arid climate and low rate of agricultural productivity have made it difficult to increase incomes from subsistence agriculture. Water is Namibia's scarcest resource. Ground water, a major source of fresh water, is being tapped at unsustainable rates. Water infrastructure inherited from the previous regime was developed in response to military priorities and has left rural areas in desperate need of access to water. Without a breakthrough in water management, not only will agricultural and industrial development be constrained, but lives could be in danger, even in years with normal rainfall. Long-term solutions to land degradation and lack of water are at the core of attempts to address poverty and food security in a sustainable way. The Government is considering tapping water from the Okavango river to link to the national water carrier at Grootfontein and the Cuvelai basin water system, which serves the northern rural regions.

## II. RESULTS AND LESSONS OF PAST COOPERATION

13. Following close cooperation between the Government, UNDP, the International Monetary Fund and various bilateral donors, a central bank was established and is now fully functional. The Ministry of Finance was upgraded, enhancing its capability to manage government financial affairs. Operational technical assistance was provided to the National Planning Commission Secretariat to prepare and improve the national development budget.

14. UNDP assisted in developing a framework for the sustainable provision of housing to low-income groups and a "build together" national housing programme was developed. The project, which mobilized personal savings and succeeded in allowing disadvantaged women to build their own dwellings, has obtained three international best practices awards. In the area of gender, the country has made progress in terms of women's representation in political office, as well as gender equity before the law. UNDP-supported teacher-training extension

courses have enabled several hundreds of teachers to obtain nationally recognized qualifications.

## III. PROPOSED STRATEGY AND THEMATIC AREAS

15. The human and financial resources of UNDP will be used to leverage national (government, private sector and NGOs) and donor efforts to promote SHD in Namibia. UNDP will focus specifically on policies and programmes that generate sustainable livelihoods and jobs for the poor, empower women, support national efforts to tackle the challenges posed by the adverse environment, and support capacity-strengthening.

16. The areas of concentration of UNDP activities have been determined by the development challenges and needs facing Namibia, government development policy as outlined in the First National Development Plan, the agreed international frameworks for development cooperation endorsed by Namibia at United Nations-sponsored global conferences, national needs vis-à-vis the United Nations System-wide Special Initiative for Africa, the overarching goal of UNDP to promote SHD, and the UNDP country office's resources and competencies. UNDP interventions under the first CCF will focus on: (a) development management; (b) direct poverty reduction interventions; and (c) the development of small- and medium-scale enterprises. Activities in the area of water and the environment will be supported, but not as a main thematic area.

### A. Capacity-building for development management

#### Economic management

17. Success in reaching the goal of improved living standards will be highly dependent on the Government's ability to manage planning, public investments and foreign aid, and to formulate and implement financial and economic policies. While there has been some success in the first years after independence in setting up the necessary institutions and systems for planning and management, the full potential of Namibia's economy is still to be realized.

18. In response to the need to build capacity in economic management, the Government has identified four institutional centres of excellence for economic management: the Ministry of Finance; the National Planning Commission Secretariat, including the Central Statistics Office; the Bank of Namibia; and the Office of the Auditor General. A Programme for Economic Management has been established, covering the training needs of these institutions for the period of the First National Development Plan.

19. UNDP support will help to strengthen capacity for development management within the context of the Government's Programme for Economic Management. The National Planning Commission, Ministry of Finance and Central Statistics Office will be assisted through the design and implementation of training programmes. In addition, UNDP will support efforts to coordinate aid by facilitating meetings between donors to share experiences and to discuss sectoral and other issues, with a view to developing tools for better aid coordination.

Governance, regional and local administration

20. Participatory development implies incorporating local communities into the decision-making process. At the regional level, there is an urgent need to strengthen the capacity of regional authorities to plan, implement and promote participatory development for poverty reduction, and to clarify the relationship between the regional authorities and line ministries and their representatives at the regional level. There is also a need to develop and strengthen the management of human resources at all levels.

21. The Government recognizes that addressing the issue of regional and local administration capacities is critical to the realization of the goals and objectives of the First National Development Plan. The regional and local administrations constitute the weakest link in development management in Namibia. Thus, the Government's decentralization initiative aims to establish planning and coordinating capacities within regional and local administrations. In line with government policies, UNDP will help to strengthen the capacity of regional and subregional structures to plan, develop, monitor and implement poverty reduction programmes.

Research networks and scientific exchanges

22. Within the context of UNDP regional programmes for Africa, the UNDP country office will enhance the capacity of local training institutions, particularly the University of Namibia and the Polytechnic, to participate in African research, networks and scientific exchanges and to establish mechanisms for accessing regional expertise.

## B. Integrated community-based rural and urban poverty reduction

23. There is a need for area-based rural poverty reduction programmes targeted at the most marginalized groups to adopt a participatory and multisectoral approach, with agricultural interventions at the grass-roots levels, supported by complementary activities in the health, education, water and small business sectors. In peri-urban and urban areas, the improvement of skills linked to employment and sustainable livelihoods is needed. The need to improve basic education throughout the country by upgrading the skills of teachers is also recognized.

24. Poverty reduction is one of the four major development goals of the First National Development Plan. The Government is in the process of establishing a national poverty reduction plan, and will discuss poverty reduction in the forthcoming round-table sectoral consultations.

25. UNDP is committed to catalysing government, donor, private sector and NGO collaboration in achieving integrated, targeted, and effective poverty alleviation programmes in Namibia. Towards that end, support will be provided to Governments for further articulation of a national poverty alleviation plan, strategy and programme; preparation for a sectoral consultation on poverty reduction; and promotion of synergy among all the actors. As a start, UNDP will provide support within the context of the United Nations system thematic group

on poverty, which is already working on an integrated community-based poverty reduction programme, beginning with a pilot programme in the Ohangwena region. The demonstration of best practices is expected to attract other donor organizations to the area. UNDP will mobilize core and non-core resources, in collaboration with other United Nations agencies and other donors, in support of the poverty reduction programme, and target women, vulnerable and marginalized groups.

26. The unemployment rate in urban centres has been estimated at 19 per cent, concentrated among youth. UNDP will target street children for assistance to alleviate urban poverty. Shelter and training will be provided to enable beneficiaries to find employment.

27. Women play a vital role in poverty alleviation and improvement in living standards in the subsistence economy. Through legislation, programmes and actions, the Government is continuing its efforts to empower Namibian women. Efforts are still needed to counter traditional attitudes that hinder women's participation in the economy and bar them from decision-making roles. Within all its programmes, UNDP will specify gender targets.

28. In conjunction with other United Nations agencies, in particular the World Health Organization, the United Nations Children's Fund and the United Nations Population Fund, within the context of the United Nations thematic groups on poverty reduction, human immunodeficiency virus/acquired immune deficiency syndrome, gender, and reproductive health, UNDP will support government efforts to extend basic social services to the poor. UNDP programme activities will specifically target the upgrading of skills of primary school teachers through extension courses.

### C. Small- and medium-scale enterprise and entrepreneurship development

29. This sector deserves special emphasis, due to the embryonic nature of the development of small- and medium-scale enterprises in Namibia, and its potential importance for the reduction of unemployment and poverty. The aim is to catalyse government efforts to improve the manufacturing industry's contribution to the nation's overall development goals, by increasing its contribution to employment and income distribution, as well as enabling it to play an important role in achieving the targeted growth rates and diversification of manufacturing.

30. UNDP will focus on supporting the Government in its efforts to rationalize and consolidate the numerous existing incentive schemes, and provide better information about the existing possibilities for potential entrepreneurs. Support will be provided for the promotion of small- and medium-scale enterprises, through training; the development of informal markets; the improvement of access to credit, technology and markets; and establish a policy and legislative framework conducive to small- and medium-scale enterprise development. Financial resources for the programme are envisaged from the Government and the private sector, as well as through the technical cooperation

among developing countries (TCDC) modality and Enterprise Africa, a Regional Bureau for Africa programme to support entrepreneurial development.

31. Interventions in this area will both directly and indirectly affect the potential and existing entrepreneurs in Namibia, by improving the capacity of the institutions responsible for promotion of small- and medium-scale enterprises and improving access to necessary support services. In addition, the programme will aim to increase the number of entrepreneurs in small-scale and micro-industries.

### D. Other areas: Water management

32. Inadequate water supply is a major constraint to development and poverty reduction in rural areas. SHD in Namibia requires a long-term solution to the water problem.

33. The Government is aware of the critical importance of water and the need for a comprehensive water strategy, a water master plan, and the mobilization of national and external support. The Government has already mobilized some donor funds for water activities. While not an area of concentration, UNDP will support Government in its efforts to address the water problem comprehensively, by contributing to the design of a national water strategy and facilitating dialogue on water issues, within the context of the Southern African Development Community and the United Nations System-wide Special Initiative for Africa. UNDP will provide advisory services and facilitate policy dialogue and resource mobilization with Namibia's potential partners in the water sector. UNDP will also assist in the formulation and implementation of projects and programmes to be funded under various global environmental funds.

## IV. MANAGEMENT ARRANGEMENTS

### Execution and implementation

34. The Government of Namibia has endorsed the use of National Execution (NEX) modality. Training of national executing agents will be a top priority during the period covered by the first CCF.

35. United Nations agency execution will be used where appropriate. Since few agencies are represented in Namibia, the Government has relied heavily on UNDP to take the lead in this area in the past. Agencies will be asked to participate in the implementation of specific activities, based on their areas of competence, particularly in the area of poverty reduction, where an integrated approach involving several agencies is envisaged. United Nations Volunteers/Domestic Development Services Support has proven to be cost-effective and efficient and technical assistance from those programmes will be sought as appropriate.

36. The UNDP country office, in collaboration with the Special Unit for TCDC and the regional programme, will give priority to TCDC in Namibia. The country is poised to become a model for African-Latin American cooperation, as well as

cooperation with South-east Asian countries, and UNDP will facilitate such efforts. The Government has established a TCDC focal point and has expressed interest in using the TCDC modality systematically.

37. NGOs and the Private Sector: UNDP experience in using NGOs for national execution has been very positive. Such cooperation will be expanded, especially in poverty reduction and small- and medium-scale enterprise programmes. In addition, closer cooperation with the private sector will be sought. Implementation of an "Enterprise Namibia" with the Government will draw on the experience and support of the private sector.

Programme monitoring and review

38. UNDP-supported activities will follow the programme approach. Inter-agency teams will participate in monitoring and review, to reflect the multifaceted nature of the poverty reduction programme. At the programme level, joint reviews with donors co-funding the programme and the Government, with participation of implementing agencies, will be undertaken, to emphasize the cooperative element of the programme approach. A three-year rolling resource planning framework will be used to monitor core resources and progress in the mobilization of non-core resources. Annual reviews will be prepared to assess implementation and evaluate the need for adjustments to the activities.

Resource mobilization

39. UNDP core resources for the first CCF are limited, calling for particular attention to efficiency and resource mobilization. Any programme to be supported must be supportive of national development goals and objectives and meet strict efficiency criteria, with quantifiable targets and goals, in addition to the usual qualitative goals. Preference will be given to ministries or institutions that demonstrate financial commitment.

40. UNDP aims to mobilize non-core cost-sharing and trust funds of at least 100 per cent of the target for resource allocation from the core (see annex). To ensure that resource mobilization efforts are systematic and concerted, a specific strategy will be established. The strategy will identify realistic and more precise targets for resource mobilization as well as specific funding sources. To that end, the current programme of training, study tours, etc., to enhance the capacity of the country office to mobilize external funds will be stepped up. A UNDP resource mobilization focal point will be appointed to continuously monitor the implementation and output of this strategy.

41. The main funding sources to be explored are: (a) cost-sharing with the Government; (b) UNDP non-core funds, such as TCDC, regional programme resources, trust funds, etc.; (c) national parastatal organization and private sector funds for development; (d) cost-sharing and co-financing with other agencies; (e) programme collaboration with the World Bank and African Development Bank; and (f) bilateral programme resources.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR NAMIBIA (1997-2000)

(In thousands of United States dollars)

| Source | Amount | Comments |
|---|---|---|
| UNDP CORE FUNDS | | |
| Estimated IPF carry-over | (244) | |
| TRAC 1.1.1 | 2 535 | Assigned immediately to country |
| TRAC 1.1.2 | 0 to 66.7 per cent of TRAC 1.1.1 | This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources |
| Other resources | 250 | TCDC |
| SPPD/STS | 225 | |
| Subtotal | 2 766[a] | |
| NON-CORE FUNDS | | |
| Government cost-sharing | 500 | |
| Sustainable development funds | - | |
| Third-party cost-sharing | 1 000 | |
| Funds, trust funds and other<br><br>Governance Trust Fund<br>Enterprise Africa | 400<br><br>of which:<br><br>200<br>200 | |
| Subtotal | 1 900 | |
| GRAND TOTAL | 4 666[a] | |

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TCDC = technical cooperation among developing countries; and TRAC = target for resource assignment from the core.

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